

UPPER RISSINGTON PARISH COUNCIL
Internal auditors report for the year ended 31st March 2015
Internal auditor: Shaun Cullimore
Date of appointment of Internal Auditor: 6th February 2015
Date(s) of Internal Audit: 13th May 2015 and 19th June 2015

1. Bookkeeping

Ref	Test	Meets requirement	Internal auditor's comments	For use by Council
1.1	Were books made up to date?	Yes		
1.2	Is cash book arithmetic correct? (If excel - check formulae)	Yes	The program "Money Manager" is used.	
1.3	Is the cash book regularly balanced?	Yes		
1.4	Is there evidence of regular in-house checks by members (signed and minuted)?	Yes	An internal checking document signed and dated 23/07/2014 was seen though it was unclear with what frequency checks were undertaken.	

2. Day to day transactions

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
2.1	Have Standing Orders been formally adopted?	Yes		
2.2	Have Standing Orders been reviewed and minuted?	Yes	The most recent Standing Orders were based on GAPTC guidance and adopted at the meeting of 02/03/2015.	
2.3	Have Financial Regulations been tailored to council and formally adopted?	Yes		
2.4	Have Financial regulations been reviewed and minuted?	Yes	The most recent Financial Regulations were based on GAPTC guidance and adopted at the meeting of 02/03/2015.	
2.5	Sample review of payments	No	Most payments had an associated signed invoice that referenced the cheque used to pay the debt. The payments authorised at each meeting were listed in the minutes. However there was some evidence of the retrospective approval of expenditure (for example cheques 101065 – 101067 were signed in March 2015 but were not “approved” until the meeting of 13/04/2015).	
2.6	Have items / services above the de minimus amount been competitively purchased in accordance with Financial Regulations?	No	<p>In the minutes of the meeting of 02/03/2015 the council agreed to pay an npower invoice, to be reimbursed subsequently by Kier. It was not clear that this was a parish council liability.</p> <p>Tenders were sought for grass cutting. Only two tenders were received and one was eliminated as it did not meet the council's requirements. It is unclear (to me) whether this is adequate from the point of view of a competitive tender (the number of companies interested in this work may make it difficult to get three tenders).</p>	

2.7	Has the General Power of Competence been adopted? If "yes", evidence seen?	Not adopted		
2.8	If 2.7 = "no", separate account for s.137 payments?	Yes		
2.9	If 2.7 = "no", s.137 spend limit for year identified?	Yes	No specific evidence of knowledge of the s.137 spending limit was seen.	
2.10	Loans – interest / principle payable	Yes	No loans had been received.	
2.11	Loans – interest / principle receivable.	Yes	No loans had been given.	

3. Risk management

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
3.1	Evidence that council maintains an adequate & effective system of internal control, including risk management and that it is reviewed by full council annually?	Yes		
3.2	Copy of Risk Assessment policy / statement seen?	Yes	The council meeting of 02/03/2015 state that changes had been made to the risk assessment document. The meeting of 13/04/2015 approved a revised document.	
3.3	Minutes checked for unusual activity & evidence that risks are being identified and managed?	No	The minutes of the meeting of 19/05/2014 were approved without correction at the meeting of 09/06/2014 and the minutes were signed. Amendments to these minutes were then agreed at the meeting of 03/11/2014 and a revised document signed. It was impossible to definitively identify the master copy of a set of minutes.	
3.4	Minutes initialled, each page identified and overall signed?	Yes		
3.5	Insurance – in place, and adequate and appropriate? See also 8.3.	Yes	Insurance was taken out with Aviva via Came & Company on 01/10/2014. The parish council directly runs the Village Hall and therefore insure it.	
3.6	Insurance – evidence of review of cover	Yes	The council meeting of 29/09/2014 considered alternative insurance quotes and the likely impact of the new Community Hall.	
3.7	Evidence that assets have been inspected for risk	Yes	The Risk Assessment document dated March 2015 calls for regular inspections of trees and play equipment. Evidence that the checks themselves were seen for the play area. Expert inspections are commissioned as necessary.	
3.8	Review of investments,	Yes	The council have three bank accounts (current,	

	including bank accounts		savings and reserve). The balances of all three are accurately tracked within Money Manager.	
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4. Budgetary controls

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
4.1	Was a budget adopted?	Yes	In its minutes of 19/01/2015 the council agreed support for the new Village Hall of £14,000 in 2015-2016, £12,000 in 2016-2017, £9,000 in 2017-2018, £5,000 in 2018-2019 and £5,000 in 2019-2020. The budget that the council has set for 2015-2016 shows a deficit of £13,371 so it is unclear where these contributions will come from. No long term budget showing a sustainable financial future was seen.	
4.2	Was a copy of the budget attached to the minute adopting it?	No		
4.3	Was a contingency included in the budget?	No	A general 10% contingency was added to the budget but the budget that was set assumed that £13,371 would come from reserves.	
4.4	Were the objectives of the reserves identified?	No		
4.5	Were the balances at the close of the year projected? How many months spend does the free reserve represent?	Yes		
4.6	Did the council regularly compare the actual income and expenditure to the budget?	No	No evidence seen in the meeting minutes.	
4.7	Are significant variances from budget explained?	Yes	A summary of variances had been prepared for the Annual Return.	

5. Income controls

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
5.1	Was the precept demand properly minuted?	No	The precept appeared to have been set to leave the cost per household unchanged. The budget was then agreed (minutes of 19/01/2015) to match the precept (rather than agreeing a budget and adopting the precept required to support it). The precept demand for 2014-2015 was formally agreed at a meeting held on 28/01/2014.	
5.2	Was the precept received?	Yes		
5.3	Were all anticipated grants received?	Yes	Grant income was received from Cotswold District Council (for Play Rangers) and Gloucestershire County Council (Active Together programme).	
5.4	Were all anticipated rents received?	Yes	Rental income from the Village Hall was significantly higher in 2014-2015 than in 2013-2014.	
5.5	Was all anticipated investment income received?	Yes	Small bank interest payments appeared to be correctly handled.	
5.6	Is income properly recorded and promptly banked?	Yes		
5.7	Are security controls over cash adequate and effective?	Yes	No cash is held.	

6. Petty cash

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
6.1	Was cash float sufficient and regularly replenished?	-	No petty cash held.	
6.2	Was the cash float physically counted by a member?	-	No petty cash held.	
6.3	Was expenditure approved?	-	No petty cash held.	
6.4	Is all expenditure supported by VAT invoices / receipts?	-	No petty cash held.	
6.5	If credit / debit / prepaid cards in use, proper procedures in place?	-	No petty cash held.	

7. Payroll

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
7.1	Do all staff have a contract of employment?	Yes	At the time of the audit the council had no clerk. I believe the only employee was Veronika Boshier (cleaner). A contract of employment for Ms. Boshier dated 15/02/2013 was seen. The council are in the process of recruiting a new clerk who will have a contract based on the NALC model text.	
7.2	Are contracts regularly reviewed?	No	No evidence seen.	
7.3	Do salaries paid agree with those approved by Council?	No	When the last clerk (now departed) was recruited (see minutes of 09/06/2014) the minutes did not state the grade and rate of pay that had been agreed. The contract for clerk cannot be found. A grade range for the prospective new clerk is stated in the job advert and will be endorsed at the next council meeting. The specific grade will depend on the experience and qualifications of the candidate.	
7.4	Are other payments to employees reasonable and approved by Council?	Yes		
7.5	Has the Council registered as an employer with HMRC and have PAYE / NIC been properly dealt with (including year-end procedures)?	Yes		
7.6	Minimum wage paid?	Yes	HMRC documentation was viewed.	
7.7	Are Councillor's allowances and expenses properly	Yes	There are no councillors' allowances.	

	authorised & controlled and reported to HMRC if required?			
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8. Assets control

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
8.1	Asset register seen and up to date?	Yes	An asset register 07/04/2015 marked 3 rd draft was seen.	
8.2	Basis of valuations?	Yes	The previous internal audit had identified the need to use asset cost values rather than current values. The asset register observed appeared to have taken this on board and the figures in the Annual Return	
8.3	Comparison with insurance schedule (see also 3.5)?	Yes	Insurance documentation was not seen.	
8.4	Assets inspected for risk and dated?	See 3.7		

9. Bank reconciliation during the year

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
9.1	Evidence of completion for each account on regular basis?	Yes		
9.2	Any unexplained balancing entries in any reconciliation?	Yes	No unexplained items (though the uncashed cheques listed in the 2014-2015 reconciliation were approved retrospectively at the April 2015 council meeting, see item 10.2).	

10. Year-end procedures

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
10.1	Cash book additions: - (a) tested by Councillor? - (b) tested by Internal Auditor?	Yes	Reports from Money Manager were tested against the bank statements.	
10.2	Bank reconciliation: - (a) Original bank statement(s) seen? - (b) RFO's reconciliation?	Yes	Original bank statements were seen. The balances quoted for the end of the year in the council's three bank accounts aligned with the values on the bank statements.	
10.3	Where appropriate, debtors and creditors properly recorded?	Yes	The council operates on a receipts and payments basis; debtors and creditors are not recorded.	
10.4	RFO has signed and certified statement of accounts?	Yes	RFO has signed the accounts but they have yet to go before the council.	
10.5	Council as a whole has considered the statement of accounts?	No	At the time of this report the council had not considered the statement of accounts.	
10.6	Council as a whole has approved the statement of accounts for submission to the auditor by resolution ?	No	At the time of this report the council had not approved the statement of accounts.	
10.7	Statement of accounts signed and dated by person presiding at meeting referred to in 10.5?	No	At the time of this report the council had not approved the statement of accounts.	
10.8	Summary of section A of Annual Return prepared on proper basis: - tested by Councillor? - tested by internal Auditor?	Yes		

11. Other matters

Ref	Test	Meets requirements	Internal auditor's comments	For use by Council
11.1	VAT - recorded and paid / reclaimed properly?	Yes	Reimbursement of VAT of £2,903.72 was made by HMRC on 19/11/2014.	
11.2	Code of conduct adopted by resolution of full council?	Yes	The council's code of conduct is based on the Cotswold District Council model.	
11.3	Referrals under the Code of Conduct?	Yes	No referrals observed.	
11.4	Registered with ICO?	Yes		
11.5	Is the Council a Managing Trustee?	Yes	The council currently actively manages the Village Hall. The new Village Hall is likely to be managed by a charitable trust.	
11.6	Minutes – apologies?	Yes		
11.7	Minutes – declarations of interest?	Yes		
11.8	Minutes – dispensations?	Yes	A file of requests for dispensation was seen.	
11.9	Minutes generally?	No	<p>The parish council meeting of 01/08/2014 approved the minutes of the annual parish meeting. This can only be done at the next annual parish meeting.</p> <p>The council minutes named residents participating in the public sessions of the council (e.g. the minutes of 01/09/2014). I do not believe this is best practice.</p> <p>The minutes of 01/12/2014 did not state which previous meeting minutes were being approved. As a number of extraordinary meetings were being held in addition to regular meetings the minutes being approved should be referenced by date.</p>	

11.10	Previous internal audit – action taken where recommended?	Yes	The previous internal audit had identified the need to use asset cost values rather than current values. The asset register observed and the figures in the Annual Return have taken this on board.	
11.11	Previous external audit – action taken where recommended?	No	The external auditor raised some concerns as a result of 2013-2014 audit. Evidence could not be found that the issues had been formally addressed.	
11.12	Electronic records backed up?	Yes	Parish council lap top is backed up to a portable hard disk.	
11.13	Chairman’s box?	No	Nothing at present but the councillors see the value of doing this and will consider this for the future.	
11.14	List of members’ interests held?	Yes		
11.15	Agendas signed and displayed 3 clear days prior?	No	The agendas of 29/09/2014 and 06/10/2014 were not dated. It was impossible to confirm that the agendas were displayed in good time.	
11.16	Summons issued in proper format?	Yes		